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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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COUNTRY Rumania

SUBJECT Crude Oil Production, 1952-1953

PLACE ACQUIRED
(BY SOURCE)

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SOURCE

1. There have been many conflicting reports recently on Rumanian crude oil production, including the fantastic claims made by Gheorghiu-Dej, the Rumanian Premier, in his speech of August 1953, and Scanteia, the chief Communist daily, of October 6, 1953, both asserting that production by the end of 1953 will reach over 9 million tons (about 70 million barrels). As usual, the Communists are careful not to issue any clear-cut statements leaving the way open for various interpretations, which is the case in this instance. Some people interpret the figure indicated, as representing the estimated 1953 production; others, on the other hand, believe that it is the annual rate expected to be reached by the end of 1953. In order to understand better the situation some background information may be helpful.

2. To keep the public constantly confused is a well known Communist stratagem and to what extent they have been successful in this endeavor, was well illustrated in a recent issue of a Czech newspaper, which stated:

"Somebody is bound to wonder why we have not announced the progress of the production plan in the West Bohemian coal mines. We would be glad to do so, but we cannot, because there are several plans: Plan A and B and perhaps Plan C, and we really don't know which of these plans indicates the true state of our production."

3. A Hungarian refugee recently escaped stated that the administrators of nationalized enterprises in Communist Hungary, have to familiarize themselves with the following terms referring to "plans":

- | | |
|-------------------|--------------------|
| 1. Stretched Plan | 5. Unrealized Plan |
| 2. Loose Plan | 6. Universal Plan |
| 3. Operative Plan | 7. Annual Plan |
| 4. Realistic Plan | 8. Quarterly Plan |
| 9. Broken Plan | |

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4. It is highly probable that with the exception of a handful of trusted Communist Party members, no one else really knows the truth about the crude oil production in Rumania. Under such conditions, it is extremely difficult to obtain reliable production data. However, a source, which may be considered fairly trustworthy, claims that Rumanian crude oil production in 1952 approximated 37 million barrels and is expected to increase to about 40 million barrels in 1953. These figures certainly sound more realistic than the 60-70 million barrels claimed by Communist propaganda.
5. The declining production in Rumania up to nationalization of the industry in June 1948, was due mainly to the revision of the Mining Law in 1937. The new law intended to encourage exploration, but due to certain provisions incorporated therein, had the opposite effect. As a result exploration activities came practically to a standstill in 1938. In 1942 another law was enacted, known as the "Petroleum Law" whose onerous conditions made matters even worse.
6. After nationalization, the Communists inaugurated a tremendous drilling campaign, as well as intense geological and geophysical surveys, designed to increase production by the discovery of new fields. In addition, they also reactivated a number of abandoned wells, undertook extension drillings, particularly in the main southern fields around Ploesti and applied secondary recovery methods (waterflooding the Boldesti field fl.), with a view to stopping the declining trend in production in these fields. While it is true that the Ploesti fields were all drilled up prior to nationalization, the possibility existed that extension and deeper drillings may result in more production.
7. The only new discovery of which we know, although the Communists claim other unspecified discoveries also, is the one around Pitesti, located about 60 miles due west from Ploesti. Gheorghiu-Dej, the Rumanian Premier, mentioned in his speech of August 1953 that "new rich oil layers have been discovered in the region of Pitesti and in other parts of the country". Considerable drilling activity was reported in this area by two American correspondents, who passed this neighborhood August 1953 on their way to Bucharest for the World Youth Festival. Romano geologists, who surveyed the region in 1941 found several favorable structures. However, their conclusion, admittedly based on incomplete data, was that these structures are not favorable for large accumulations of oil. Local people also claimed that water wells drilled showed gas and oil traces. Apparently, there are at least three fields in this area, as follows:
 - (1) Valea Uselor (northeast of Pitesti)
 - (2) Costesti (south of Pitesti)
 - (3) Branesti (southwest of Pitesti)
8. The Communists appear to follow the Nazi method of exploitation. When they find oil in a certain area, they concentrate all the equipment and material they can there for rapid development. It is, therefore, possible that these fields may have been developed at a faster rate than they would have been under the free enterprise system.
9. It is also known that the Communists succeeded in increasing production considerably in the Moldavian fields. Gheorghiu-Dej stated in his speech of Aug 23: "The known reserves of crude oil have risen considerably and an important new oil basin is developing in the Moldavian area." Romano had some interest in this area, namely, a 10% participation in the Moinești field; Romano also drilled about 35 wells in the Teseni field, which produced up to and including 1945 about 214,000 barrels, but was then abandoned as noncommercial. Romano geologists thought that prospects of finding oil in the oligocene were good. The Moldavian wells are low producers, but long lasting. The wells are shallow, but conditions of drilling are difficult because of rocky formations. Nevertheless, it is well within the realm of possibility that the Communists drilled about 300 producers here during the past five years. Assuming that the average annual production per well is about 13,000 bbls (average for the area), this would result in a total yearly production of about 4 million barrels. Another clue to increased production is the fact that the Communists erected a refinery at Dermanesti with an approximate capacity of over four million barrels.

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Crude oil production 1952

10. I had previously thought that crude oil production in Rumania in 1952 was probably not appreciably over 30 million barrels. However, at that time I was unaware of certain subsequent developments. The 37 million barrels for 1952 may well be close to the truth. A comparative summary of the 1952 production vs. 1947, by areas, may be of interest.

<u>Areas</u>	<u>1947 Production</u>	<u>Est. Increase 1952 vs. 47</u>	<u>Total 1952</u>
Ploesti (main southern fields)	28,500,000 bbls	3,000,000 bbls	31,500,000 bbls
Moldavia	300,000	4,000,000	4,300,000
Ploesti and others	-	1,000,000	1,000,000
<u>Totals</u>	<u>28,800,000</u>	<u>8,000,000</u>	<u>36,800,000</u>

11. This summary is based on factors and developments described in the foregoing pages. However, in the absence of detailed and more reliable data, opinions may differ on this point.

Crude oil production 1953

12. As already mentioned, according to the declaration of Gheorghiu-Dej of August 1953 the 1953 production, depending on the interpretation applied to his statement, will be close to 70 million barrels, which I believe is greatly exaggerated. It has been variously reported that Western diplomatic representatives in the country confirm this figure. However, in view of the travel and other restrictions to which they are being subjected, their evaluations should not be taken at face value. More convincing evidence is required before this claim can be substantiated.
13. Reliable estimates indicate that the 1953 production will reach about 40 million barrels due to further increases mainly in the Moldavian and the Ploesti areas.

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